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SUBSURFACE OIL, GAS AND MINERAL LEASE

THIS AGREEMENT made this <u>9TH</u> day of <u>NOVEMBER</u>, <u>2009</u>, and effective <u>JANUARY 3, 2010</u>, between <u>TERRY CRON AND LESLIE CRON</u>, <u>HUSBAND AND WIFE</u>, as Lessor, (whether one or more), whose address is, <u>2210 MERRITT WAY, ARLINGTON, TEXAS 76018</u> and <u>Chesapeake Exploration</u>, <u>L.L.C.</u>, an Oklahoma limited liability company, as Lessee, whose address is P.O. Box 18496, Oklahoma City, Oklahoma 73154-0496, WITNESSETH:

1. Lessor in consideration of Ten and no/100 and Other Valuable Consideration Dollars (\$10.00 & O.V.C.) in hand paid, of the royalties herein provided and of the agreements of Lessee herein contained hereby, grants, leases and lets exclusively to Lessee for the purpose of investigating, exploring, prospecting, drilling and mining for and producing oil, gas, sulfur, fissionable materials and all other minerals (whether or not similar to those mentioned), conducting exploration, geologic and geophysical tests and surveys, injecting gas, water and other fluids and air into subsurface strata, laying pipelines, establishing and utilizing facilities for the disposition of salt water, dredging and maintaining canals, building roads, bridges, tanks, telephone lines, power stations and other structures thereon, and on, over and across lands owned or claimed by Lessor adjacent and configuous thereto necessary to Lessee in operations to produce, save, take care of, treat, transport and own said minerals, the following described land in <u>TARRANT</u> County, Texas, to-wit:

See attached Exhibit "A" for land description

This lease also covers and includes all land and interest in land owned or claimed by Lessor adjacent or contiguous to the land particularly described above, whether the same be in said survey or surveys or in adjacent surveys.

- 2. Without reference to the commencement, prosecution or cessation at any time of drilling or other development operations, and/or to the discovery, development or cessation at any time of production of oil, gas or other minerals, and without further payments than the royalties herein provided, and notwithstanding anything else herein contained to the contrary, this lease shall be for a term of THREE (3)years from JANUARY 3, 2010 (called "primary term") and as long thereafter as oil, gas or other mineral is produced from said land or land with which said land is pooled hereunder, or as long as this lease is continued in effect, as otherwise provided herein.
- 3. The royalties to be paid by Lessee are: (a) on oil, 25% of that produced and saved from said land, the same to be delivered at the wells or to the credit of Lessor into the pipeline to which the wells may be connected; Lessee may from time to time purchase any royalty oil in its possession, paying the market price therefore prevailing for the field where produced on the date of purchase, and Lessee may sell any royalty oil in its possession and pay Lessor the price received by Lessee for such oil computed at the well; (b) on gas, including casinghead gas or other gaseous substance, produced from said land and sold or used off the premises or for the extraction of gasoline or other product therefrom, the market value at the well of 25% of the gas so sold or used, provided that on gas sold by Lessee the market value shall not exceed the amount received by Lessee for such gas computed at the mouth of the well, and on gas sold at the well the royalty shall be 25% of the amount realized by Lessee from such sale; and (c) on fissionable materials and all other minerals mined and marketed, one-tenth either in kind or value at the well or mine, at Lessee's election, except that on sulfur mined or marketed, the royalty shall be Two Dollars (\$2.00) per long ton. If the price of any mineral or substance upon which royalty is payable hereunder is regulated by any governmental agency, the market value or market price of such mineral or substance for the purpose of computing royalty hereunder shall not be in excess of the price which Lessee may receive and retain. Lessee shall have free from royalty or other payment the use of water, other than water from Lessor's wells or tanks, and of oil, gas and coal shall be computed after deducting any so used. If Lessee drills a well on land covered by this lease or on land pooled therewith, which well is capable of producing oil or gas but such well is not being produced and this lease is not being maintained otherwise as provided herein, this lease shall not terminate, whether it

(which bank and its successors are royalty owner or owner's agent, and shall continue as depository for all such sums which Lessee may pay hereunder regardless of changes in ownership or royalties) the sum of One and no/100 Dollars (\$1,00) for each calendar month, or portion thereafter during which said well is situated on said land, or or land pooled therewith, and this lease is not otherwise maintained, or this lease is not released by Lessee as to the land on which or the horizon, zone or formation in which the well is completed. The first payment of such sum shall be made on or before the first day of each calendar month after the expiration of ninety (90) days from the date the lease is not otherwise maintained for all accruals to such date, and thereefter on or before the first day of each third calendar month for all accruals to each such date. Lessee's failure to pay or tender or to properly or timely pay or tender any such sum as royalty shall render Lessee liable for the amount due but it shall not operate to terminate this lease. The payment or tender of royalty under this paragraph on any well which is not being produced, hereinafter referred to as "shut-in royalty", may be made by check or draft of Lessee mailed or delivered to the parties entitled thereto or to said bank on or before the date of payment.

- 4. The cash down payment is consideration for this lease according to its terms and shall not be allocated as rental for a period. Lessee may at any time, and from time to time, execute and deliver to Lessor, or to the depository bank, or file for record a release or releases of this lease as to any part or all of said land or of any mineral or subsurface interval or any depths thereunder and thereby be relieved of all obligations as to the released land, mineral, horizon, zone or formation. If this lease is released as to all minerals, horizons, zones and formations under a portion of said land, the shut-in royalty and other payments computed in accordance therewith shall thereupon be reduced in the proportion that the acreage released bears to the acreage which was covered by this lease immediately prior to such release.
- 5. Lessee, at its option, is hereby given the right and power during or after the primary term while this lesse is in effect to pool or combine the land covered by this lesses in the Immediate vicinity thereof, when in Lessee's judgment it is necessary or advisable to do so in order properly to explore, or to develop and operate the lessed prantises in compliance with the spacing rules of the Railmoad Commission of Texas, or other lawful authority, or when to do so would, in the judgment of Lessee, promote the conseava-real original age or other mineral in and under and that may be produced from the premises. Units pooled for oil shall not substantially exceed in area 40 acres each plus a tolerance of 10% thereof, provided that should governmental authority having jurisdiction prescribe or permitted by sovernmental regulations. Notwithstanding anything to the contrary stated herein, a unit for a horizontal well may include (i) the amount of acresse allowed for obtaining a permit to drill a well under the spacing and density provisions in the applicable field or statewide rules for a vertical welloure, plus the additional acresse fished and the real commission of Texas Rule 80 (Density greater than 40 acres). Lessee may pool or combine land covered by the lessee of the statewide rules for a vertical welloure, plus the additional acresse fished in the tables in the Patience Commission of Texas Rule 80 (Density greater than 40 acres). Lessee may pool or combine and covered by the lessee or any portion thereof; as above provided as to all in artists, and oil units need not confrom as to area with units as to any other statum or strata, and oil units need not confrom in state and as to gas in any one or more stratas. Units formed by pooling as to any stratum or strata need not confrom in size or area with units as to any other stratum or strata, and oil units held control in the appropriate records of the county in which the leases of provincian provincian and designating the pooled acresses as a pooled unit, the un
- 6. If at the expiration of the primary term, oil, gas, or other mineral is not being produced on said land, or from land pooled therewith, but Lessee is then engaged in drilling or reworking operations thereon, or shall have completed a dry hole thereon within 180 days prior to the end of the primary term, the lease shall remain in force so long as operations on said well or for drilling or reworking of any additional well are prosecuted with no cessation of more than 60 consecutive days and if they result in the production of oil, gas, or other mineral, so long thereafter as oil, gas, or other mineral is produced from said land, or from land pooled therewith. If, after the expiration of the primary term

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of this lease and after oil, gas or other mineral is produced from said land, or from land pooled therewith, the production thereof should cease from any cause, this lease shall not terminate if Lessee commences operations for drilling or reworking within 180 days after the cessation of such production, but shall remain in force and effect so long as Lessee continues drilling or reworking operations on said well or for drilling or reworking of any additional well with no cessation of more than 60 consecutive days, and if they result in the production of oil, gas, or other mineral, so long thereafter as oil, gas, or other mineral is produced from said land, or from land pooled therewith. In the event a well or wells producing oil or gas in paying quantities should be brought in on adjacent land and within 660 feet of and draining the leased premises, or land pooled therewith, Lessee agrees to drill such offset well or wells as a reasonably prudent operator would drill under the same or similar circumstances.

- 7. Lessee shall have the right at any time during or after the expiration of this lease to remove all property and fixtures placed by Lessee on said land, including the right to draw and remove all casing. When necessary for utilization of the surface from some intended use by Lessor and upon request of Lessor or when deemed necessary by Lessee for protection of the pipeline, Lessee will bury pipelines below ordinary plow depth, and no well shall be drilled within two hundred (200) feet of any residence or barn now on said land without Lessor's consent.
- 8. The rights of either party hereunder may be assigned in whole or in part, and the provisions hereof shall extend to their heirs, successors and assigns: but no change or division in ownership of the land or royalties, however accomplished, shall operate to enlarge the obligations or diminish the right of Lessee, including, but not limited to, the location and drilling of wells and the measurement of production; and no change or division in such ownership shall be binding on Lessee until forty-five (45) days after Lessee shall have been furnished by registered U.S. mail at Lessee's principal place of business with certified copy of recorded instrument or instruments evidencing same. In the event of assignment hereof in whole or in part, liability for breach of any obligation hereunder shall rest exclusively upon the owner of this lease or of a portion thereof who commits such breach. If six or more parties become entitled to royalty hereunder, Lessee may withhold payment thereof unless and until furnished with a recordable instrument executed by all such parties designating an agent to receive payment for all.
- Breach by Lessee of any obligation hereunder shall not work a forfeiture or termination of this lease nor cause a termination or reversion of the estate created hereby nor be grounds for cancellation hereof in whole or in part. In the event Lessor considers that operations are not at any time being conducted in compliance with the lease, Lessor shall notify Lessee In writing of the facts relied upon as constituting a breach hereof, and Lessee, if in default, shall have sixty (60) days after receipt of such notice in which to commence compliance with the obligations imposed by virtue of this lease.
- 10. Lessor hereby warrants and agrees to defend the title to said land and agrees that Lessee at its option may discharge any tax, mortgage or other lien upon said land, either in whole or in part, and if lessee does so, it shall be subrogated to such lien with right to enforce same and apply royalties accruing hereunder toward satisfying same. When required by state, federal or other law, Lessee may withhold taxes with respect to royalty and other payments hereunder and remit the amounts withheld to the applicable taxing authority for the credit of Lessor. Without impairment of Lessee's rights under the warranty in event of failure of title, if Lessor owns an interest in the oil, gas or other minerals on, in or under said land less than the entire fee simple estate, whether or not this lease purports to cover the whole or a fractional interest, the royalties, shut-in royalties to be paid Lessor shall be reduced in the proportion that his interest bears to the whole and undivided fee and in accordance with the nature of the estate of which Lessor is seized. Should any one or more of the parties named above as Lessor fail to execute this lease, it shall nevertheless be binding upon the party or parties executing same.
- 11. Should Lessee be prevented from complying with any express or implied covenant of this lease, from conducting drilling or reworking operations thereon or on land pooled therewith or from producing oil, gas or other mineral therefrom and from land pooled therewith by reason of scarcity or of inability to obtain or to use equipment or material, or by operation of force majeure, any federal or state law or any order, rule or regulation of governmental authority, then while so prevented, Lessee's obligation to comply with such covenant shall be suspended, and Lessee shall not be liable in damages for failure to comply therewith; and this lease shall be extended while and so long as Lessee is prevented by any such cause from conducting drilling or reworking operations on or from producing oil, gas or other minerals from the leased premises or land pooled therewith, and the time while Lessee is so prevented shall not be counted against Lessee, anything in this lease to the contrary notwithstanding.
- 12. Surface Use Restriction: Notwithstanding anything to the contrary contained herein, Lessee agrees that it shall have no right to use the surface of the Lease Premises to exercise any of the rights granted hereunder without first obtaining Lessor's written consent. This provision shall in no way restrict Lessee's exploration of or production from the Lease Premises by means of wells drilled on other lands but entering or bottomed on the Lease Premises. Any wells directionally or horizontally drilled or operated under the Lease Premises with bottom hole locations (for vertical wells) or with horizontal drainhole locations (for horizontal wells) on the Lease Premises shall be regarded as if the wells were drilled on the Lease Premises. Lessee agrees that any drilling under the Lease Premises shall commence at and continue at depths below five hundred feet (500') from the surface of the earth. In addition to Lessee's other rights under this Lease, Lessor hereby grants to Lessee a subsurface easement to drill and operate directional and/or horizontal wells under and through the Lease Premises to reach lands not covered by this Lease and which wells have bottom hole locations (if a vertical well) or horizontal drainhole locations (if a horizontal well) on lands not covered by this Lease or land pooled therewith. Lessee agrees that this subsurface easement shall commence at and continue at all depths below five hundred feet (500') from the surface of the earth.
- 13. Except as expressly provided above in Paragraph 3, Lessor's royalty may not be charged directly or indirectly, with any of the expenses of production, gathering, dehydration, compression, processing, or treating the gas produced from the land that are incurred prior to the inlet of a gas pipeline evacuating gas from the Lease Premises. After delivery at said inlet, Lessor's royalty shall bear its proportionate share of all costs and expenses, including transportation, to the point of sale.

14. Each singular pronoun herein shall include the plural whenever applicable.

IN WITNESS WHEREOF, this instrument is executed on the date first above written.

STATE OF TEXAS

COUNTY OF TARKAN

BEFORE ME, on this day personally appeared <u>TERRY CRON AND LESLIE CRON. HUSBAND AND WIFE terror</u> to me to be the person(s) whose mana(s) are subscribed to the foregoing instrument and, that (s)he has executed the same for the purposes and consideration therein expressed.

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GIVEN UNDER MY HAND AND SEAL OF OFFICE, this the

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A Commonwell

Exhibit "A" Land Description

Attached to and Made a Part of that Certain Oil, Gas and Mineral Lease dated this <u>9TH</u> day of <u>NOVEMBER</u>, <u>2009</u>, and effective <u>JANUARY 3, 2010</u>, by and between Chesapeake Exploration, L.L.C., an Oklahoma limited liability company, as Lessee and <u>TERRY CRON AND LESLIE CRON, HUSBAND AND WIFE</u>, as Lessor.

"From time to time lessee may determine that some part or all of the premises should be more specifically described. Lessor agrees to execute any substitute leases or correction to leases tendered by lessee for such re-description."

B.B.B & C. RAILROAD SURVEY, A-203: HUNTER POINTE ADDITION
0.172 acres, more or less, situated in the B. B. & C. Railroad Company Survey, Abstract No. 203, Tarrant County, Texas, known as Lot 14, Block 2, Hunter Pointe Addition, Section Two, an addition to the City of Arlington, Tarrant County, Texas, according to the plat recorded in Cabinet A, Slide 2270, Plat Records of Tarrant County, Texas, as described in that certain General Warranty Deed with Vendor's Lien (With Assignment of Lien to Third Party) dated February 2, 2004 from GUSS VESS and wife, VICKI VESS to TERRY CRON and LESLIE CRON, husband and wife, recorded in Instrument Number D204036480, Deed Records, Tarrant County, Texas.